National Film Board of Canada

2008-2009

Departmental Performance Report

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Minister of Canadian Heritage and Official Languages

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Message from the Government Film Commissioner

This fiscal year has been a demanding one for all sectors of the audiovisual industry, public and private. The industry, along with the rest of the country, was shaken by the economic crisis. This happened at the very time when it was struggling to come to grips with the fundamental and ongoing structural changes being wrought by the digital revolution. The NFB has not been immune to these seismic forces.

If we have been successful in a remarkably turbulent year, it is because we have stayed focused on putting the key building blocks of the strategic plan into place. We reasserted our position as creative innovators, and confirmed our relevance to Canadians. We worked hard to reinforce our ties with key stakeholders including government, creators, and organizations and institutions across the country. Our international profile has become even stronger.

Most of all, we understood that the NFB, as the nation's public producer and distributor, could play a critical role in the digital shift providing a platform for experimentation, prototyping and modeling in areas where no proven business or creative models existed. We knew that we could and had to pioneer ways to exploit the untapped creative potential of the digital space while ensuring a strong Canadian presence on digital platforms. Our trailblazing advances in content and form continue to be defined by our ability to deliver value to Canadians through giving voice to the whole range of Canadian society while developing and testing new economic opportunities.

Nothing proved the point more than NFB's national online Screening Room. Launched as the kick-off for the NFB's 70th anniversary celebrations in the last quarter of the fiscal year it provided Canadians for the first time with immediate access to close to 1,000 titles from NFB's vast collection. It did so at very high quality – available 24/7, in both of Canada's official languages, on the web and on mobile platforms. With the click of a button, viewers could connect to the pulse of Canadian life and creativity travelling across time, geography and linguistic barriers. No other site can give with that scope and depth a sense of who we are. Canadians have expressed their affection and gratitude in surprising numbers. We have seen a 54% increase in traffic since last year, and an increased amount of time being spent on the site.

However, much as the NFB could take, and has taken leadership in pursuing a forward-thinking digital strategy it cannot act in isolation. It is for that reason we have been advocating for a coherent, integrated national digital strategy bringing together private and public sectors to put in place the foundations for the creative economies of the future. We made the argument at hearings before the Canadian Radio-television and Telecommunications Commission, an argument subsequently endorsed by the Chair of the CRTC, and at a range of industry forums where the call was warmly welcomed.

Even as we push forward exploring the creative potential of digital spaces, we have not neglected the traditional areas in which we render service to Canadians. The NFB stood alongside Canadians in marking major moments in the life of our nation, honouring Canada, its history, its values. The NFB produced and co-produced works that were a cornerstone of the 400th anniversary celebrations in Quebec City, including the groundbreaking 3-D stereoscopic experience *Facing Champlain*, created in collaboration with the Musée de la civilisation du

Québec and directed by Jean-François Pouliot. With the collaboration of the Department of Canadian Heritage we were able to produce a DVD boxed set of our Quebec work and distribute it to schools across the country so that all Canadian school-children could participate in this seminal celebration.

In the nation's capital, we joined with Veterans Affairs Canada, the Department of National Defence and other partners to commemorate the 90th anniversary of Armistice Day, honouring the sacrifices of Canadians with our new film *Front Lines*.

This year for the first time we partnered with the Governor General's Performing Arts awards to fête Canada's greatest talents. We produced a series of short signature works honouring laureates of three awards. These are creative gems in their own right and a number went on to play in important film festivals, including Sundance.

Our programming has had remarkable acclaim across the country and internationally. The NFB has had an outsized presence at the most important Canadian and world festivals including IDFA in Amsterdam (the world's most important documentary festival), Hot Docs, Sundance, Toronto International Film Festival, Annecy Animation Festival and many more. For the third year in a row we swept the Canadian feature doc category at Hot Docs and won top prizes at the Jutras, the Genies and other festivals. Our feature documentary co-production (with Eyesteel Films) *Up the Yangtze* broke $1 million at the box office.

Internally, we have implemented our operational plan, a first for the NFB, ensuring that our strategic plan is translated into operational realities of budgets, schedules and human resources. It means better planning, sharper focus and greater efficiency. We have revamped our budgeting process on an activity basis allowing for more rigorous analysis and better alignment of financial resources with priorities. We undertook an extensive benchmarking exercise measuring all NFB activities against comparable activities in other government agencies, the private sector and internationally, allowing us to target improvements in performance. We revamped the organizational structure, merging nine corporate branches into five, to create a more streamlined and effective organization for a digital future. By these means we have been able to put significantly more dollars into making and delivering to Canadians the programming that is at the heart of our mandate.

Rapid change can be daunting; we see it as an opportunity. The NFB pulsates with a restless creative energy – questioning, pushing boundaries, experimenting with new ways of reflecting and engaging the reality of our country. We will remain disciplined and focused on building an essential public institution for the future –one which serves Canadians and in which Canadians will continue to be proud.

Tom Perlmutter
Government Film Commissioner and Chairperson of the National Film Board of Canada

SECTION I: DEPARTMENTAL OVERVIEW

1.1. Summary Information

Raison d'être

The NFB was created by an act of Parliament in 1939. Reporting to Parliament through the Minister of Canadian Heritage, its mandate, as set forth in the *National Film Act*, 1985, is to "*produce and distribute and to promote the production and distribution of films designed to interpret Canada to Canadians and to other nations.*" The mission of the NFB is to reflect Canada, and matters of interest to Canadians, to Canada and the rest of the world through creating and distributing innovative and distinctive audiovisual works based on Canadian points of view and values.

Consistent with its mission, the NFB's brand promise is to "move Canadians and the world to see differently through exceptional, distinctive and audacious media works that can only be created at the NFB."

Over the course of its 70-year history, the NFB has become one of Canada's most respected cultural institutions and an essential component of Canada's national fabric. The NFB's works offer vital insights into our country's richness and diversity, and serve as an indispensable part of Canada's cultural heritage. The NFB and its private and public sector partners provide filmmakers from every region of the country with the means to bring their visions to life.

Responsibilities

Today, more than ever, the NFB plays a vital role in Canadian society as a public producer and distributor of audiovisual materials that deal with social issues in ways that would otherwise not be done. With production focusing on documentary, auteur animation and increasingly new media, the NFB promotes the exploration of contemporary social issues, with an emphasis on diverse, point-of-view films that help Canadians engage with each other. Throughout the decades, the NFB has also played an important role in marking the major changes and events taking place in Canadian society. It has set the benchmark for Canadian cinematic innovations.

As a co-producer, the NFB enables private sector producers to take commercial and artistic risks that they otherwise would not be able to take. The NFB is a creative laboratory *par excellence* for developing the new formats and approaches to storytelling of the future, ranging from groundbreaking work in digital creation and distribution (online, mobiles and e-cinema) to explorations in stereoscopic productions.

The NFB also offers development and training programs to emerging filmmakers, teaching them to use new digital means of expression. These programs fill the gap between the film and training schools and a filmmaker's first professional production experience. These initiatives enhance the skill levels of first-time filmmakers, leading to the discovery of new talent and increased film and television production, and encourage experimentation and innovation in digital production. By supporting members of diverse cultural and linguistic communities, Aboriginal communities and people with disabilities, the NFB ensures that its audiovisual works reflect the country's diversity and explain the changing cultural and social realities of Canada.

As a public institution and in accordance with its mandate, the NFB has a particular duty to connect with Canadians. Traditionally, the NFB has reached Canadians primarily through

television and education networks, and also through festivals, community screenings and libraries. For decades the NFB has been, as it continues to be, a trusted provider of Canadian audiovisual content to our schoolchildren across the country in both official languages. The Canadian perspectives that the NFB delivers are ever more crucial in the globalized YouTube world. Increasingly, consumers are using the Internet to access the NFB's large media library. The launch of the NFB's online Screening Room in January 2009 has been heralded as a groundbreaking step in providing Canadians with free access anywhere, anytime, to an important part of our cultural heritage.

For more information on the NFB please refer to the following electronic link: http://www.onf-nfb.gc.ca/eng/about-us/organization.php

Strategic Outcome(s) and Program Activity Architecture (PAA)

Strategic Outcome
The reflection of Canadian values and perspectives through the production of innovative Canadian audiovisual works accessible in relevant media of the day.
Program activities
Production of audiovisual works
Distribution, Accessibility, Outreach
Revolving Fund
Sub-Activities
Cultural diversity in Films
Development of Emerging Filmmakers
Technological and Film Innovation
New distribution platforms
Collections management

1.2. Summary of Performance

2008–09 Financial Resources ($ thousands)

Planned Spending	Total Authorities	Actual Spending
65,042	68,623	68,006

Total Authorities reflect an increase in funds of $3.6M from planned spending. The difference between planned spending, authorities and actual spending is further detailed in page nine.

2008–09 Human Resources (FTEs)

Planned	Actual	Difference
498	467	-31

Early in 2008-2009, the NFB reallocated resources through its internal program review, rationalization and efficiencies in order to fund its digital strategy, including the purchase of equipment required for the new digital production process, rights clearances and the development of its online Screening Room. This rationalization resulted in a reduction of human resources.

Strategic Outcome 1: The reflection of Canadian values and perspectives through the production of innovative Canadian audiovisual works accessible in relevant media of the day.		
Performance Indicators	**Targets**	**2008–09 Performance**
Percentage of Canadian public that perceive the NFB as an innovative, creative and socially engaged institution	60% by March 31, 2011	According to an online survey conducted on behalf of the NFB in 2008, 65% of Canadians believe the NFB to be innovative, 75% agree that the institution is creative, while 62% felt that the NFB is socially engaged.
Percentage of completed productions dealing with major social issues	90% by March 31, 2011	74% of NFB productions completed in 2008-2009 dealt with major social issues, and 90% explored Canadian diversity.
Percentage of NFB audience who indicated that NFB productions reflect Canadian values or perspectives	85% by March 31, 2011	In an online survey of Canadians conducted on behalf of the NFB in 2008, the NFB established baseline measures showing that 71% of respondents feel that NFB productions are reflective of Canadian values, and associate the NFB with many core Canadian values.

Program Activity ($ thousands)	**2007-08 Actual Spending**	**2008-09**				**Alignment to Government of Canada Outcomes**
		Main Estimates	**Planned Spending**	**Total Authorities**	**Actual Spending**	
Production of audiovisual works	54,701	51,060	51,060	53,606	53,711	Social Affairs: A Vibrant Canadian Heritage and Culture[1]
Distribution, Accessibility, Outreach	16,466	13,982	13,982	15,017	14,295	
Revolving Fund	-	-	-	-	-	
Total	71,167	65,042	65,042	68,623	68,006	

Variance explanation

The variance from the 2008-09 Planned Spending, the Total Authorities and the Actual Spending includes $3,6M in Supplementary Estimates appropriation which main components were the Reimbursement of Eligible Paylist Expenditures, funds for the Interdepartmental Partnership with the Official-Language Communities (IPOLC) as well as an allocation from Canadian Heritage for the production of a DVD boxset marking the 400th anniversary of Quebec City.

	$(thousands)
Planned Spending	**65,042**
Supplementary Estimates appropriation	3,581
Total Authorities	**68,623**
2008-2009 Carry Forward	(617)
Actual Spending	**68,006**

Contribution of Priorities to Strategic Outcome

[1] This government outcome speaks to the importance of the continued existence and public availability of Canadian cultural products and Canada's cultural heritage. The NFB's program activities support this outcome by producing relevant, challenging and innovative audiovisual works that give Canadians a better understanding of Canada and the world and ensuring that this cultural content is accessible at home and abroad.

Overall, the NFB successfully delivered on priorities identified in its 2008-2009 RPP, meeting all expectations with respect to three priorities, and meeting most expectations for the remaining two. The chart below summarizes progress achieved with respect to each priority. In addition, the NFB's new Strategic Plan 2008-2013, published in April of 2008, identified two new management priorities. These were mostly met and are discussed in the table below on management priorities.

Operational Priorities	Type	Status	Linkages to Strategic Outcome
Maintain an environment dedicated to excellence and innovation that is conducive to nurturing new avenues for creativity in the audiovisual form. The NFB plays a unique role as a centre for creative excellence and innovation, providing leadership and a strong international brand for the benefit of its private sector partners in the Canadian industry. Its award-winning productions explore major contemporary social issues through strong, diversified point-of-view films that connect with Canadians and promote community engagement.	On-going	**Met all expectations** The NFB delivered on all plans with respect to this priority, embarking on productions exploring social issues, participating in events of national significance such as the 400th anniversary of the founding of Quebec City, entering into a partnership with the Vancouver Olympic Committee for the upcoming 2010 Winter Olympics, and supporting innovative productions intended for new platforms. The NFB maintained its level of coproduction activity, completing 33 productions with the Canadian private sector last year, and 10 with international partners. The NFB provided technical services and support to 165 productions by independent filmmakers through the FAP-ACIC[2] programs.	SO 1: The reflection of Canadian values and perspectives through the production of innovative Canadian audiovisual works accessible in relevant media of the day PA 1: Production of audiovisual works This priority links to SO1 and PA1 through innovation in the production of audiovisual works (both creative and technical)
Maintain and strengthen the NFB's ability to identify, develop and mentor the talent and creative skills from emerging filmmakers and aboriginal, regional, linguistic and ethnocultural communities. Through programs aimed at encouraging the development of authentic artistic voices that reflect diverse Canadian perspectives, the NFB identifies and provides opportunities to creators from Canada's many regions, linguistic, ethnocultural and Aboriginal communities to develop their skills, preparing them to participate in the knowledge-based professions of the future creative sector.	On-going	**Met all expectations** In keeping with its commitment to foster a diversity of voices and assure access to media for all cultural communities, the NFB met its objectives for the year, providing talent development opportunities to 241 participants in 19 initiatives. Forty one new productions were completed by emerging filmmakers. Eighty five of all productions completed in 2008-2009 explored Canadian diversity. Thirty three productions were produced in the regions.	SO 1: The reflection of Canadian values and perspectives through the production of innovative Canadian audiovisual works accessible in relevant media of the day PA 1: Production of audiovisual works This priority links to SO1 and PA1 through diversity of perspectives and Canadian values in the production of audiovisual works.
Maintain, promote and enhance research and development initiatives to	On-going	**Mostly Met Expectations**	SO 1: The reflection of Canadian values and

[2] Filmmaker Assistance Program (FAP) and Aide au cinéma indépendant - Canada (ACIC)

ensure increased accessibility of NFB audiovisual works. The digital revolution is altering in fundamental ways how audiences are consuming and interacting with audiovisual media. To stay relevant, the NFB is engaging in research and development initiatives that will ensure that NFB programming can migrate easily to such platforms as mobile, iPod, and such others as become available and popular. These activities contribute to the development of film as an art form and to new business models that may lead to new opportunities for the film industry and provide more accessibility to Canadians.		This year, the NFB worked on Research & Development on 4 projects. Projects embarked on are destined for use on new platforms and technologies, encouraging the development of innovative content and applications. The e-cinema network pilot project, in its 2nd year, continues to provide an applied forum for testing the technology and delivery mechanism.	perspectives through the production of innovative Canadian audiovisual works accessible in relevant media of the day PA 2: Distribution, Accessibility, Outreach This priority links to SO1 and PA2 through the development of innovative content and application to increase accessibility of Canadian audiovisual works
Create a digital strategy that will serve as a foundation to enable the NFB to deliver on its mandate into the future in distribution, new business development, outreach and preservation of its audio-visual heritage. Investments in digital production and distribution will enable the NFB to more effectively exploit its assets now and into the future through new digital distribution channels, by maximizing revenues while making its productions more accessible, and assuring the preservation of the NFB's rich Canadian heritage collection for future generations.	New	**Met all expectations** The NFB delivered on this priority, making a digital strategy the centrepiece of its new five-year Strategic Plan 2008-2013, launched at the beginning of 2008-2009. All projects identified in its 2008-2009 RPP were sucessfully launched, including the NFB's new online Screening Room; *NFB Images*, featuring its digitized stock shot library; and the implementation of its new policy for the acquisition and renewal of rights, which is vital to the success of the NFB's digital strategy.	SO 1: The reflection of Canadian values and perspectives through the production of innovative Canadian audiovisual works accessible in relevant media of the day PA 2: Distribution, Accessibility, Outreach A digital strategy has made NFB audiovisual works more accessible to Canadians, thus contributing to SO1
Make the works of the NFB readily and widely accessible to Canadian and international audiences. Engagement with the NFB's socially relevant works serve the public interest by fostering social cohesion and national experiences, stimulating learning, renewing our shared values and contributing to the cultural fabric of our country. Enhanced access drives sales to the educational and international markets, supported by the NFB's considerable brand value.	On-going	**Mostly met expectations** The NFB met most expectations with respect to this priority, increasing its total audience by 9% to over 31 million views through all channels. Due to the worldwide economic recession, the NFB did not realise increased international revenues, seeing instead a drop of 21%.	SO 1: The reflection of Canadian values and perspectives through the production of innovative Canadian audiovisual works accessible in relevant media of the day PA 2: Distribution, Accessibility, Outreach This priority links to SO1 and PA2 through an increased accessibility of NFB products.

Management Priorities	Type	Status	Linkages to Strategic Outcome
Organizational renewal that will make the NFB a model for the creative organization of the 21st century, delivering value to Canadians through environmentally responsible and flexible, efficient and effective structure and work processes. The planned organizational renewal will support the NFB's recent implementation of a new Program Activity Architecture, the Management Accountability Framework of the Government (MAF) and its five-year Strategic Plan, which positions it and its industry partners to be more competitive in the changing environment.	New	**Met all** The NFB met all expectations with respect to this priority for the planning period, strengthening management and accountability with new audit, risk management and evaluation plans, and implementing performance measurement strategies aligned to its MRRS[1]. Organizational re-structuring integrated nine branches into five, which has meant a more supple and responsive organizational structure and more resources going to programming and accessibility – the fundamental pillars of the strategic plan.	SO 1: The reflection of Canadian values and perspectives through the production of innovative Canadian audiovisual works accessible in relevant media of the day This priority supports SO1 by allowing more resources going to PA1 and PA2.
Firm Financing that will put the NFB on a sound financial basis to deliver on its mandate. Through sound budgeting, responsible fiscal management and cost-effectiveness, the NFB must focus resources on programming and accessibility and assure the NFB can deliver on its mandate and responsibilities into the future.	New	**Mostly Met** Significant savings were achieved through organizational review and restructuring, involving the closing of the NFB's Paris, New York and Ottawa offices and abolishing a number of positions through transfers, retirements and layoffs. A key challenge remains to translate visibility of the collection into increased revenues.	SO 1: The reflection of Canadian values and perspectives through the production of innovative Canadian audiovisual works accessible in relevant media of the day Savings through organizational review has meant more resources going to PA1 and PA2.

Risk Analysis

The global digital transformation is altering in fundamental ways how audiences are consuming and interacting with audiovisual media. Engaging with content online or through mobile phones and other hand-held devices has already overtaken traditional television viewing among the younger demographic. As more Canadians engage with the digital world, they expect a full range of offerings, including audiovisual programming. According to a February 2009 Comscore report, 21 million Canadians viewed more than 3.1 billion videos online during the month of February 2009. Canadians want, need and have a right to expect Canadian cultural content on these new platforms. Canadian youth, in particular, are ravenous consumers of digital product and, without a rich cultural offering showcasing Canadian values and stories, will continue to turn to foreign programming. This is the major challenge facing content providers, including the NFB, but also an opportunity to better serve Canadians. Digital technologies offer easier reach, and a much more efficient and effective delivery of cultural products to Canadians and to the world.

[1] Management, Resources and Results Structure

In order to better serve all Canadians across the country, including the most remote regions, the NFB must ensure the accessibility of its films and programs by migrating its production and delivery technology to new and more efficient methods, technologies and platforms.
The NFB's digital transformation was identified as a strategic priority during an extensive strategic planning process conducted in 2007-2008 and has been undertaken within the confines of its means. A multifaceted digital strategy has been developed that includes the digitization of the NFB's collection. The NFB is also pioneering new ways of producing and distributing, which requires new creative approaches, new audiovisual languages and grammars, new ways of engaging with audiences as creators, new business models, new work flows and new international co-production models. It also involves the expansion of our E-cinema network.

However, the undertaking is enormous and presents many technological and cost challenges. Approximately twenty percent of the NFB's collection of films is at risk of loss unless it is migrated to new formats over the next few years. Migration requires careful restoration and the development of standards for digital information management. The NFB must also negotiate costly new platform distribution rights for approximately two-thirds of its film titles, so that all of NFB's collection is accessible to Canadians and consumers around the world.

The NFB has reallocated resources through its internal program review, rationalization and efficiencies in order to fund its digital strategy, including the purchase of equipment required for the new digital production process, rights clearances and the development of our online Screening Room. In 2007-2008 and 2008-2009, five per cent of the NFB's operating budget was re-allocated to support the digital investment.

Organizationally, the NFB is acting quickly to adjust its production chain, distribution strategies and collection management practices. In January 2009, nine branches were integrated into five divisions in order to provide for a more coherent and efficient way of working.

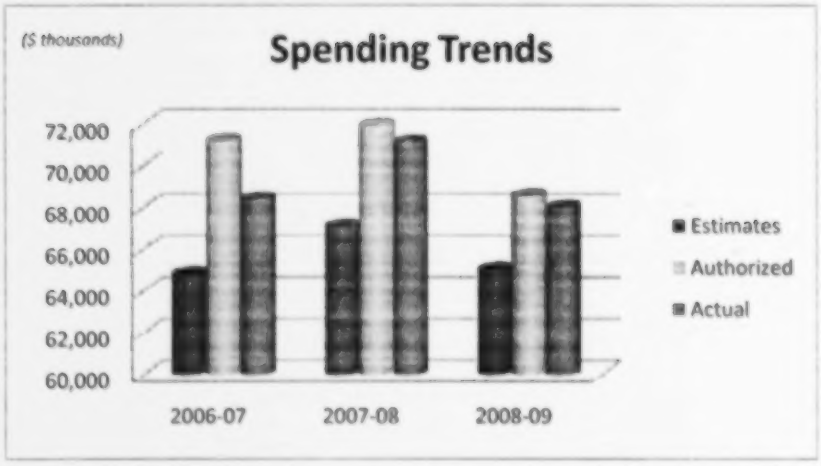
For the past five years, the global marketplace for financing and producing programming has been in transition; globalization, broadcast fragmentation in major markets and the emergence of on-line video services have all had a profound effect on our industry. With the fragmentation of audiences comes the fragmentation of advertising dollars. This trend was observed long before the current global economic crisis. Broadcasters around the world are cutting back on programme expenditure, relying on more local programming, cheaper programming and repeat broadcasts of previously purchased programming. In documentary, there has been a recent decline in appetite for one-off documentaries versus less expensive factual entertainment, reality and lifestyle programming. But this may be a cyclical event, as the popularity of reality programming is declining. One of the specific actions of the NFB's distribution, accessibility and outreach activities is the exploitation of the long shelf life of its documentaries, so that they continue to sell over time. The more popular factual entertainment, which is more topical in nature, naturally has a shorter shelf life.

The digital transformation coupled with the current economic downturn is severely affecting Canada's broadcasting industry, which could reduce the NFB's ability to fund new productions and participate in co-productions and to make them available to Canadians. The NFB's revenues (including pre-sales) from public and private television broadcasters decreased by 26 percent in 2008-2009, and 2009-2010 is expected to be another difficult year. In addition, the NFB's purchasing power has eroded considerably over the past years through the rise in program costs. The NFB continuously seeks to improve its efficiency through the reallocation of resources, rationalization of programs and activities and internal efficiencies. For example, in the last two years, five percent of the NFB's operating budget was reallocated to support the digital investment.

Other recent events that affect the NFB include the following:

- The Canada Culture On-Line - Canadian Memory Fund sunsetted in 2008-2009. This program supported the production of many online educational exhibits on the NFB's website.
- The Interdepartmental Partnership with Official-Language Communities program (IPOLC) ended on March 31, 2009 – In addition to supporting NFB programs for emerging filmmakers from minority-language communities, this Canadian Heritage program supported the e-cinema pilot project (involving new digital distribution technology) in New Brunswick so that francophones could have access to a large collection of NFB films, screened in French in five communities across the province.

Expenditure Profile



Actual spending included Vote 15 (for maternity leave and severance pay) which was not included in planned spending. For 2006-2007, the authorities and actual spending included allocations from the Canadian Memory Fund ($2.5M) and IPOLC ($240K); these funds were received through supplementary estimates.

In 2007-2008, Canadian Memory Fund ($1.8M) and IPOLC ($320K) allocations were included in planned spending. This explains the higher planned amounts in 2007-2008 compared to 2006-2007. The end of the Canadian Memory Fund program in 2007-2008 resulted in a reduction to NFB's planned spending in 2008-2009. IPOLC ($ 320K) funds were received through supplementary estimates in 2008-2009.The NFB also received $750K for the production of the DVD boxed set associated with the tribute to the 400th anniversary of Quebec City.

In 2007-2008, to help fund its digital transformation strategy, the NFB used funds carried over from the previous two years. At the same time, NFB established strict financial controls that provided the funding needed for the start of the digital shift. Consequently, there were very low carry forwards during the 2007-2008 and 2008-2009 fiscal years.

Voted and Statutory Items ($ thousands)

Vote # or Statutory Item (S)	Truncated Vote or Statutory Wording	2006-07 Actual Spending	2007-08 Actual Spending	2008-09 Main Estimates	2008-09 Actual Spending
60	National Film Board – Program expenditures	68,436	71,167	65,042	68,006
	Total	**68,436**	**71,167**	**65,042**	**68,006**

SECTION II: ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

2.1. Strategic Outcome: The reflection of Canadian values and perspectives through the production of innovative Canadian audiovisual works accessible in relevant media of the day.

The NFB achieves this strategic outcome through two program activities: 2.1.1 Production of audiovisual works, and 2.1.2 Distribution Accessibility Outreach.
By producing relevant, challenging and innovative audiovisual works, the NFB gives Canadians a better understanding of Canada and the world. It also explores the creative possibilities of new technologies to ensure an increased accessibility of these works to the Canadian public in all regions of the country, while helping strengthen Canada's presence in the digital realm through its internationally recognized brand.

On the whole, the NFB met the results it set out to achieve in 2008–2009 for this strategic outcome.

2.1.1. Program Activity 1: Production of Audiovisual Works

Program Activity: Production of audiovisual works					
2008-09 Financial Resources ($ thousands)			2008-09 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
51,060	53,606	53,711	342	321	-21

Expected Results	Performance Indicators[4]	Targets	Performance Status	Performance Summary
Programming involving social issues	Percentage of Canadian public that perceive the NFB as producing relevant, challenging and innovative audiovisual works	50% by March 31 2011.	**Exceeded**	An online survey of Canadians from across the country conducted on behalf of the NFB in 2008 found that over 60% of respondents perceive the NFB as producing relevant, challenging and innovative audiovisual works.
	Percentage of NFB audience that perceive it as producing audiovisual works that provide a better understanding of Canada and the world	75% by March 31, 2011.		74% of survey respondents perceive the NFB as producing audiovisual works that provide a better understanding of Canada.

[4] The indicators and targets listed in this table are part of the NFB's MRRS structure and were finalized after publication of the RPP 08-09. As the NFB operationalizes its performance framework, additional indicators and targets will be added to the MRRS. The NFB wishes to attain all existing performance targets by 2011-2012.

Programming with the focus on point of view documentaries, animation, alternative drama and new media			**Met all**	67 point of view documentaries, 23 animated films, 4 alternative dramas, 4 new media (web) productions were produced in 2008-2009.
Projects innovative in content, form and broadcasting mode, with flexibility for experimentation	Awards, mentions, nominations and tributes earned at Canadian and International festivals	150 awards by March 31, 2011	**Met all**	109 Canadian and international Awards, up from 92 the previous year 2 Special Tributes Paid - by the Academy of Motion Pictures Arts and Sciences and City of Cannes for NFB contribution to the development of Cinema
	Number of innovation-related awards, mentions, nominations and tributes.			Two special innovation awards: *Webby Award* for *Filmmaker-in-Residence*; Golden Nica for *Madame Tutli Putli*
Programming exploring Canadian diversity.	Number of audiovisual works exploring Canadian diversity	35% by March 31, 2011	**Exceeded**	90% (85 films in total) , surpassing the current target.
Audiovisual works created by culturally, regionally & linguistically diverse, Aboriginal and disabled filmmakers	Percentage of audiovisual works realized by culturally, regionally and linguistically diverse, Aboriginal and people with disabilities	50% by March 31, 2011	**Met all**	Approximately 64% (or 60 films) realized[5], on target with the NFB's performance objective in this area.
	Number of culturally, regionally and linguistically diverse, Aboriginal filmmakers and disabled professionals who benefited from NFB initiatives			59 culturally, regionally and linguistically diverse, Aboriginal filmmakers and disabled professionals benefited.
Audiovisual works produced by emerging filmmakers	Percentage of completed audiovisual works produced by emerging filmmakers (including talent-nurturing initiatives)	50% by March 31, 2011	**Mostly met**	44% of works were produced by emerging filmmakers. This includes talent nurturing initiatives, which account for 22 productions.
	Number of emerging filmmakers who produced an NFB audiovisual work or were assisted by the NFB			42 emerging filmmakers either had their films produced by the NFB or were assisted by it.

[5] The yearly output for films made by visible minority filmmakers is based on self-identification.

On-going promotion and development of new talent.	Number of participants in talent-nurturing initiatives, including competitions			241 participants in talent nurturing initiatives
	Number of culturally, regionally and linguistically diverse, Aboriginal and disabled professionals who benefited from NFB initiatives.			183 culturally, regionally and linguistically diverse, Aboriginal and disabled professionals participated in talent nurturing initiatives.

Program Activity Summary

National Film Board productions provide a uniquely Canadian perspective, including diverse cultural and regional perspectives, recognized across Canada and around the world, thereby playing an important role in the lives of Canadians and a pivotal role in the Canadian film and television industry. The NFB's programming fosters diverse voices and content in both official languages by encouraging participation from Aboriginal groups and ethno-cultural communities from across the country. Production activities include the conceptualization, research, development, production and marketing of documentaries, animation films, new media content, and other emerging forms. The use of the most recent production methods and technologies provide for quality works that are accessible on new distribution platforms and in new media.

Benefits for Canadians

The NFB provides an essential service to Canadians by producing stories that reflect our history and values and that interpret Canada to Canadians and to other nations. NFB audiovisual works offer vital insights into our country's richness and diversity –and serve as an indispensable part of Canada's cultural heritage.

The NFB gives voice to communities and helps to create visibility and awareness of the issues they face, giving them a sense of hope and greater stake in the country. Its commitment to official language minority communities has ensured a vibrant cultural community is able to share its stories. Communities welcome the NFB as the agent to give them voice and to generate public dialogue and publicity.

This program activity serves Canadians:

- by producing the rich and diverse cultural content which reflects Canada's rapidly shifting demographic profile and which cannot otherwise be easily produced.
- by being an essential partner in events of national historic and cultural significance showing Canadian creative innovations to the world and giving creators the freedom to explore and to innovate – while allowing Canadians to be both witnesses and participants in history.

- by being the creative laboratory par excellence for developing the new formats and new approaches to storytelling of the future from ground breaking work in digital creation and distribution (on line, cell phone, e-cinema) to explorations in stereoscopic productions.
- as Canada's best known international cinematic brand, the NFB serves Canadians and the industry by ensuring a strong Canadian presence in a globalized, digital universe.

Performance Analysis

An online survey of Canadians from across the country commissioned by the NFB in 2008 established baseline measures of its progress towards achieving its strategic objectives, revealing that overall, Canadians perceive the NFB to be effectively delivering on its objective to produce highly relevant and innovative Canadian works that contribute to our understanding of Canada and the world.

Working with independent production companies and emerging filmmakers through its studios in Vancouver, Edmonton, Winnipeg, Toronto, Montreal, Quebec, Moncton and Halifax, the NFB completed 94 films in 2008-2009: 67 documentaries, 23 animations, four fictions with 74 percent of productions exploring major social issues. In addition, four new media projects (web) were also produced. This represents a decrease from last year's output of 155 original productions, due to the fact that the yearly compilation of shorts from the Wapikoni mobile initiative had not been completed by March 31st 2009.

Innovation at the NFB supports private sector Canadian companies in a number of ways. As an essential partner to the industry, the NFB takes on the kind of projects that the private sector cannot tackle on its own, serving as an indispensible source of groundbreaking cinema and new media. Thirty three of the 94 films were coproduced with the Canadian independent private sector, and 10 with international partners.

Programming Excellence & Technical innovation

As a key partner in events of national historic and cultural significance, the institution brought Canadians together to celebrate their history and culture and showed Canadian creative innovations to the world. As part of the 400th anniversary of Quebec City, the NFB produced the groundbreaking film about explorer Champlain, entitled *Facing Champlain*, in an immersive 3D experience seamlessly combining live action, numerous forms of animation, blue screen effects and more. *Front Lines* was another major contribution by the NFB on the occasion of the 90th anniversary of the Armistice – a tribute to Canadian combatants in the First World War. This was done in partnership with the Department of Veterans Affairs, the Department of National Defence, Rideau Hall and the Canadian War Museum, where the film premiered in the presence of Her Excellency the Governor General of Canada. *Front Lines* was also seen coast-to-coast in schools, on television and online.

This year for the first time the NFB partnered with the Governor General's Performing Arts awards to produce a series of short signature works honouring laureates of the Lifetime Artistic Achievement Awards, the National Arts Centre Award and the Ramon John Hnatyshyn Award for Voluntarism.

The NFB also entered into a new partnership with the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games (VANOC) and 2010 Legacies Now to collaborate in the Canada Code interactive digital project, a website of photos and words that gives all Canadians a chance to participate in the games as a national, pan-Canadian event. The NFB is also working with Cirque du Soleil on Canada's Pavilion at the Shanghai World Exposition.

Awards

NFB productions won 109 Canadian and international awards, including a Webby Award for the groundbreaking interactive documentary project *Filmmaker-in-Residence*. In addition, on the occasion of its 70th anniversary, the NFB was bestowed special honours by the Academy of Motion Picture Arts and Science as well as the Charles Guggenheim Center for the Documentary Film and the American National Archives Foundation. Fiscal year 08-09 ended with a special Gold Medal from the city of Cannes, home of the Cannes Film Festival and the world's largest television market, in honour of the NFB's 70th and in recognition of its continuing and distinctive contributions to cinema and television.

Awards for Excellence and Innovation	2008-09
Canadian Awards	59
International Awards	50
Total	109

Encouraging diverse perspectives

The Film Board is committed to the principles of equal access and cultural diversity, encouraging dialogue and understanding, and assuring that Canada's cultural communities have a voice. NFB productions are created by talented Canadians from all backgrounds and regions, in both official languages, representing Canada in all its diversity. In 2008-2009, approximately 64 percent of completed films were realized by culturally, regionally and linguistically diverse filmmakers, as well as Aboriginal filmmakers and people with disabilities.

Films like *Twelve*, *Warrior Boyz* and *Club Native* were instrumental in generating discussion and awareness about the challenges adolescent immigrants face in adapting to Canada, gang life and violence in Metro Vancouver's Indo Canadian community and the complex legal and cultural implications of claiming membership in some First Nations communities. The film *Qallunaat! Why White People Are Funny*, directed by Mark Sandiford and coproduced with Beachwalker Films Inc, was recognized this year with the 2008 Canada Award presented by the Gemini Awards. The Canada Award honours excellence in mainstream television programming which best reflects the racial and cultural diversity of Canada.

The NFB remains today one of the world's most important producers of Aboriginal works. Through initiatives such as Our World, created in partnership with remote First Nations communities in British Columbia and the Yukon, First Nations youth created web-based productions about themselves, their home and their community. *Wapikoni Mobile*, which celebrated its fifth anniversary this year, has connected with 800 youth from fourteen communities to create nearly 300 productions, and received 23 international festival prizes. This travelling audiovisual studio was created by veteran documentary producer Manon Barbeau (Les

productions des beaux jours), in partnership with the NFB and the Assembly of First Nations of Quebec and Labrador.

Alanis Obomsawin, an internationally renowned NFB filmmaker who has produced many documentaries on First Nations history and culture received in 2008 the Governor General's Performing Arts Award for Lifetime Artistic Achievement.

Professional development initiatives

Through 19 talent-nurturing initiatives for emerging filmmakers, the NFB provided professional mentoring for 241 Canadians, preparing them for future creative opportunities and leadership in the development and renewal of Canada's creative economy. Of these, 183 participants were culturally, regionally and linguistically diverse, Aboriginal or disabled professionals.

The NFB plays a particularly important role in supporting the federal government's commitments under Part VII of the Official Languages Act, which supports the development of official language minority communities (OLMCs). In 2008-2009, 26 films were completed by filmmakers from official language minority communities, while 71 emerging filmmakers from OLMC benefited from seven talent nurturing initiatives.

The NFB also worked in partnership with industry and training institutions on a range of professional development initiatives. In particular, it worked with the Canadian Film Centre launch a new program to advance the art of documentary, the *CFC-NFB Documentary Lab*. The Program is designed to help Canadian directors with an idea for a theatrical documentary to develop their projects for international audiences.

In addition, 165 films were completed by filmmakers through the support of the Filmmaker Assistance Program (FAP) and Aide au cinéma indépendant canadien (ACIC).

The NFB met all of its performance targets for fiscal year 2008-2009.

Lessons Learned

To remain relevant, the NFB will continue to:

- Pursue its mission to produce audiovisual works that reflect the country's diversity and explain the changing cultural and social realities of Canada.
- Push boundaries in creativity, innovation and artistic vision and take commercial and artistic risks that can only be done by the NFB.
- Connect with audiences in all regions of Canada, particularly younger audiences, on the platform of their choice.
- Support emerging filmmakers
- Meet the programming requirements of specific client groups such as the education sector.
- Maintain a strong regional focus, by identifying and developing regional talent, and reflecting Canada regions and diversity

Transition to Digital

The NFB continues to transform its production processes and post-production services in order to produce and deliver programming in the digital formats required by Canadians and world audiences. In order to continually meet the challenges of the digital technological shift and remain at the forefront of innovation, the NFB has identified the need for a more integrated project delivery model for organization-wide project teams so that each function is carried out in parallel from the outset and functional specialists are involved at a much earlier stage in the process. There is also an opportunity to plan for multiplatform formats right from the start. This will simplify project management and delivery and improve productivity.

In addition, a wide range of new skills are currently required to make the shift to digital media and project management among executive producers, producers, line producers, production supervisors, technical coordinators, production coordinators, studio administrators, marketing managers and staff.

The NFB's expertise in new platforms also makes it a valuable partner in international initiatives with public and private-sector partners in the UK, Brazil, Japan and France to name a few. The NFB enjoys strategic partnerships that go beyond the traditional co-production model. Agreements with the Brazil Ministry of Culture or our most recent agreement with the Japan Broadcasting Corporation (NHK) deepen the forms of collaboration and open doors for the Canadian industry. Key to this partnership is the NFB's ability to innovate in multi-platform and socially engaged programming.

2.1.2. Program Activity 2: Distribution, Accessibility, Outreach

Program Activity: Distribution, Accessibility, Outreach					
2008-09 Financial Resources ($ thousands)			2008-09 Human Resources (FTEs)		
Planned Spending	**Total Authorities**	**Actual Spending**	**Planned**	**Actual**	**Difference**
13,982	15,017	14,295	156	146	-10

Expected Results	Performance[6] Indicators	Targets	Performance Status	Performance Summary
Completed audiovisual works accessible on new distribution platforms	Percentage of audiovisual works accessible on new distribution platforms		**Met all**	Over 1000 titles (8%) are now available at NFB.ca, 966 hours of the NFB's stock shot library (25%) have been digitized for its commercial portal *NFB Images*, 5500 titles (42%) are available on DVD and 140 recent titles digitized for distribution over e-Cinema network.

[6] The indicators and targets listed in this table are part of the NFB's MRRS structure and were finalized after publication of the RPP 08-09. As the NFB operationalizes its performance framework, additional indicators and targets will be added to the MRRS. The NFB wishes to attain all existing performance targets by 2011-2012.

On-going digitization of the NFB collection	Percentage of NFB archives that are digitized		**Ongoing**	25% of NFB archives (stockshots) have now been digitized.
Increased number of audiovisual works available online	Number of audiovisual works available online		**Met all**	Over 1000 titles now digitized and available for streaming online. 5500 titles on DVD available for purchase online. 140 titles digitized for distribution over e-Cinema network.
Increased sales generated by NFB's collection	Sales generated by NFB's collection		**Not Met**	Total sales of $4,915,861 achieve in the year, a 17% drop over the previous year.
Improved access to the NFB collection through its various activities and offerings, particularly the mediatheques and other resources and increasing number of initiatives targeted for the educational sector	Percentage of Canadian population who: ▪ have access to NFB programming ▪ used, accessed, viewed an NFB product ▪ used, accessed, viewed NFB audiovisual works through new distribution platforms Number of ▪ clients, users and audience reached ▪ unique online visitors	60% of Canadian population to have access to NFB programming by March 31, 2011 85% of Canadian population to have used, accessed, viewed an NFB product by March 31, 2011	**Mostly Met**	According to the Canadian Internet Project published in 2008, 80% of Canadian homes have access to Internet (54% to broadband Internet), allowing them to stream films or purchase DVD's at NFB.ca. According to an online survey conducted on behalf of the NFB in 2008, 81% of respondents have ever accessed an NFB production, while 21% did so in the previous year. The NFB achieved greater than 31 million Canadian views for its productions on all platforms in 2008-2009, up 9% from the previous year. 46% of this Canadian audience was achieved within the educational market. There were 7,670,777 visitors to NFB.ca in 2008-2009: 4,602,466 Canadian and 3,068,311 international. 179, 295 people attended public screenings of NFB films and 212, 569 visited NFB mediatheques.
Appreciable research and development efforts on techniques and technology in the audiovisual field	Number of research and development projects related to innovation		**Ongoing**	4 research and development projects were underway in 2008-2009 related to innovation, in accordance with R&D plans.

Program Activity Summary

The NFB's distribution, accessibility and outreach activities contribute to a dynamic Canadian culture and heritage. The distribution of audiovisual work includes: commercializing its audiovisual catalogues and well established stock shot library and developing and diversifying markets (Theatrical, TV, web and New Platforms, both Consumer and Institutional) for NFB products in Canada and abroad. Priority activities will make works available in communities across Canada, especially those in remote, rural areas, and provide increased access to Canadians with disabilities, Aboriginal groups and official language minority communities.

Benefits for Canadians

The NFB provides an essential service by distributing stories that reflect our history and values and interpret Canada to Canadians and to other nations. Canadians benefit from NFB programming that serves the public interest by stimulating learning, renewing our shared values and contributing in the long run to a well functioning civil society.

This program activity increases the visibility and awareness of the NFB and its products, through marketing, programming and distribution, and building on its strong brand.
Digital technology has provided the NFB with an unprecedented opportunity to connect more directly with its audience, providing a rich viewing experience across all regions in both official languages and engaging Canadians in discourse and ensuring democratic participation and social inclusion. This program activity serves Canadians by making its rich collection and ongoing productions available when and where Canadians want to see it, on the platform of their choice. In particular, the NFB delivers trusted Canadian content to our schoolchildren across the country.

As Canada's best known international cinematic brand, the NFB serves Canadians and the industry by ensuring a strong Canadian presence in a globalized, digital universe. Through its distribution activities, the NFB continues in its tradition of excellence, giving creators the freedom to explore and to innovate, and allowing Canadians to be both witnesses and participants in history.

Performance Analysis

Canadian audience

The NFB increased its audience base in 2008-2009, with over 31 million views reached through its education, institutional, television, theatrical, community and online distribution channels, an increase of 9 percent over the previous year. Television and non-theatrical (educational and institutional) channels account for 83 percent of audiences. While television audiences had a slight decrease (3 percent), non-theatrical and online audience increased significantly (10 percent and 54 percent respectively).

Canadian Audience Measurement 2007-08 and 2008-09

Access	2008-09	2007-08
TV	11,889,000	12,245,000
NFB.ca (visits)	4,602,466	2,989,258
Institutional and Education (non-theatrical)	14,473,684	13,178,623
Home Video	32,477	36,461
Mediatheques	212,569	205,182
Public Screen	179,295	166,433
Theatrical Screen	89,300	n/a
Partner loans/libraries	138,367	146,112
GRAND TOTAL	**31,617,158**	**28,967,069**

Since the launch of the Online Screening Room (Jan – March 2009), Canadian visits totalled over 1 million, more than doubling the number of visits during the same period in 2007-2008. The total number of Canadian visits for fiscal year 2008-2009 exceeded 4.6 million. The take-up has been significant, increasing the average time being spent on the site. Online Canadians have expressed their affection and gratitude in surprising numbers.

Comments include:

- *"What a treasure, thank you for making it available to us!"*
- *"Upon reading this my first thought is that Christmas has come early for all Canadians...three cheers for the NFB our true Canadian treasure."*
- *"Awesome. These are moments that make me feel proud of my country."*

Viewership for the NFB's online offerings is expected to continue to grow as new productions are added each month.

As part of the flagship events for the 400th anniversary of Quebec City discussed in section 2.1.1, the NFB produced a three-DVD box set containing nine films on the history of this unique city, distributed free of charge to over 26,000 schools and public libraries across Canada, in collaboration with the Department of Canadian Heritage, resulting in an estimated viewership of more than 1.7 million views and increasing the overall non theatrical audience by 10 percent.

The e-cinema network pilot project, in its 2nd year, continues to provide an applied forum for testing the technology and delivery mechanism. The NFB continued to provide highly sought after programming to its existing network, more than doubling its audience over the previous year.

Collections Management

The NFB creates value for Canadians through the careful management of assets, including the digitization of its vast collection of historically and culturally significant films and associated materials, created over its 70-year history. These efforts provide increased accessibility to NFB productions by Canadians, and assure distinctively Canadian alternatives in the digital space.

Digitized units per format

Digitization Formats	Units digitized in 2008-2009	Units digitized as of March 31, 2009
Films in MPEG 2 format for distribution on DVD	975	5277
Films in MPEG 4 format for use in NFB theatres in Montreal and Toronto	598	5121
Film excerpts for the Web	926	1449
Complete films for the Web	1467	1836
Films for mobile devices	385	436
Films for e-cinema	117	141
Stock shots for SD Format for *NFB Images*	6550	16199
Stock shots for HD Format for *NFB Images*	1167	1167

Revenues

	2008-2009	2007-2008	% Change
Market			
Television (including presales)	$1,360,721	$1,830,456	-26%
Institutional and educational	$1,958,436	$2,324,371	-16%
Home video	$871,712	$1,117,655	-22%
Theatrical	$170,921	$128,989	33%
Stockshots	$554,071	$490,808	13%
Total	$4,915,861	$5,892,279	-17%

Revenues overall fell significantly over the previous year, particularly in television. International sales were lower, showing a 21-percent drop, while Canadian sales suffered a 14-percent reduction. This decrease is mostly due to the current marketplace for new programming rather than the market conditions for the overall collection. Other factors such as the NFB's increase in coproduction activity contributed to the recent drop in revenues.

A key challenge for the NFB is to translate increased visibility of the collection into revenues, using innovative business models associated with access to digital content on the web.

Lessons Learned

In the current climate where Canada's broadcasting and distribution industries are facing instability and enormous financial pressures – coupled with the challenges inherent in making the digital shift – the NFB's role as producer and distributor is more critical than ever. The NFB and its private and public-sector partners provide filmmakers from every region of the country with the means to bring their visions to life and to reach a wide Canadian and global audience. The NFB's commitment to supplying the education sector with Canadian content for the classrooms is the foundation for building a stronger, more cooperative federation for the future.

The great popularity of the online Screening Room indicates that Canadians want to see more films by the NFB and will do so when these are readily accessible in ways that Canadians have come to expect. The global digital transformation provides tremendous opportunities for the NFB to better serve Canadians by:

- Reaching audiences across Canada and in particular underserved communities, such as isolated rural communities and official language minority communities.
- Reaching Canadian youth in a media that they consume and ensuring that they have access to Canadian stories and values.

During the last fiscal year, the NFB identified new opportunities aimed at market development and the expansion of the NFB audience, and is making the shift to online distribution. These opportunities will result in:

- **Increasing Audience** – Consultations with stakeholders confirm that by increasing access to our programming, we will increase our audiences. In addition to access, we need to increase awareness of our products and services - our audiences need to be aware of our productions, must want to see them, must know how to access them and must know that they are seeing an NFB production. We need to ensure that we leverage the world-class reputation and strength of the NFB brand in order to support the marketing of our products and services.
- **Increasing Audience Engagement** – The consumer is more demanding than ever and needs to feel engaged with product and services. The NFB will encourage return users to our points of service, maintaining a "conversation" with our audience, survey satisfaction of our users and, where appropriate, monetizing products and services.
- **Lowering the Cost of Delivery** – By maximizing digital technology (web based, on-line transactions, secured sites for buyers, mobile applications, etc.), we will increasingly lower our cost of marketing and delivery.

In order to ensure the highest value of service to Canadians, the Distribution, accessibility and outreach program activity strives to increase revenues and create new areas of revenue generation, with a strong focus on online media. These revenues allow the NFB to expand its reach into underserved communities and provide additional programming to the country.

2.1.3. Program Activity 3: Revolving Fund

Program Activity: Revolving Fund					
2008-09 Financial Resources ($ millions)			2008-09 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
-	-	-	-	-	-
Expected Results	Performance Indicators	Targets	Performance Status	Performance Summary	
N/A	N/A	N/A	N/A	N/A	

Program Activity Summary

The Estimates are based on cash requirements for the NFB over the fiscal year and the Revolving Fund is used to pay for the Board's expenses calculated on an accrual basis.

The NFB Revolving Fund is used to provide the working capital required for business operations, for interim financing of operating expenses and capital acquisitions and for recording the change in the net book value of capital assets. It should be noted that the NFB's operating expenses are funded by annually voted parliamentary appropriations.

Benefits for Canadians

The Revolving Fund allows the NFB to provide uninterrupted services to Canadians.

SECTION III: SUPPLEMENTARY INFORMATION

Financial Highlights

The financial information included in the Financial Highlights section is based on an accrual accounting and extracted from the 2008-09 NFB's audited Financial Statements.

The balance sheet shows an increase in non-financial assets. This is mainly due to the purchase of equipment needed for the digital transition. Most of the new equipment is being financed through capital lease contracts, which also explains in large part the increase in liabilities.

In addition to the impact of rationalization, the decrease in operation expenditures is explained primarily by the reduction in cash contributions for co-productions as well as the closing of some sales offices. Close monitoring of our transportation, communication, hardware and supply expenses also contributed to this decrease.

($ thousands)

Condensed Statement of Financial Position as at March 31, 2009	**% Change**	**2009**	**2008**
Financial assets	-3.8%	7,780	8,088
Non-financial assets	21.8%	10,027	8,229
TOTAL ASSETS	**9.1%**	**17,807**	**16,317**
Total Liabilities	14.2%	18,804	16,469
Total Equity		- 997	- 152
TOTAL LIABILITIES AND EQUITY	**9.1%**	**17,807**	**16,317**

($ thousands)

Condensed Statement of Operations for the year ended March 31, 2009	**% Change**	**2009**	**2008**
EXPENSES			
Salaries and benefits	-1.2%	40,071	40,578
Professional and special services	2.6%	8,854	8,631
Rentals	-5.3%	8,478	8,954
Transportation, communication, material & supplies and information	-15.9%	6,544	7,778
Cash financing in co-productions	-20.0%	4,016	5,020
Amortization of capital assets	6.0%	2,774	2,616
Royalties and contracted film production and processing	13.6%	2,338	2,059
Other	15.6%	1,560	1,350
Total Expenses	**-3.1%**	**74,635**	**76,986**
REVENUES			
Film prints	-11.0%	2,498	2,808
Royalties	-23.9%	1,534	2,015
Sponsored production and pre-sale	-36.6%	727	1,147
Stockshots	12.8%	554	491
Other	16.9%	471	403
Total Revenues	**-15.7%**	**5,784**	**6,864**
NET COST OF OPERATIONS	**-1.8%**	**68,851**	**70,122**

Expenditures

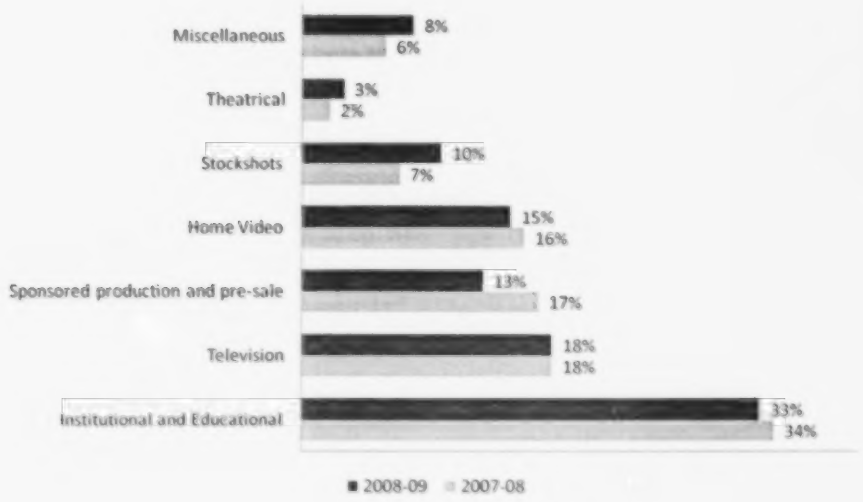
In 2009, 85 percent (2008 – 82 percent) of the NFB's expenditures were related to film production and distribution as well as to network accessibility and development.

The proportion of Management and Administration expenditures decreased from 13 percent ($10.2M) to 12 percent ($9.3M), allowing funds to be reinvested in the programming and accessibility sectors as well as in the continuation of the digital transition that begun in 2008.

	2008-09	2007-08	2008-09	2007-08
	$M	$M	%	%
Programming - French & English	40.3	40.8	55	54
Distribution	8.4	8.0	11	10
Marketing, Outreach and Communications	14.3	14.2	19	18
Sub-total	**63.0**	**63.0**	**85**	**82**
Digital Development and applications	2.3	3.7	3	5
Management and Administration	9.3	10.2	12	13
Total expenses	**74.6**	**76.9**	**100**	**100**

Revenue

The economic situation has had some effects on the television sales sector. Nevertheless, this and the education sector still remain at the top of the list for generating revenue for the NFB. Pre-sales and sponsorship revenues were lower in 2009 than in 2008, while those from stockshots increased slightly.



Financial Statements

http://www.onf-nfb.gc.ca/medias/download/documents/pdf/nfb-financial-statements-2008-2009.pdf

List of Supplementary Information Tables

All electronic supplementary information tables found in the 2008-09 Departmental Performance Report can be found on the Treasury Board of Canada Secretariat's website at: http://www.tbs-sct.gc.ca/dpr-rmr/2008-2009/index-eng.asp.

Table 1: Sources of Respendable and Non-Respendable Revenue
Table 5: Details on Transfer Payment Programs (TPPs)